

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

May 12, 2017

Company name: GOLDWIN INC.
 Stock exchange listing: Tokyo
 Stock code: 8111 URL <http://www.goldwin.co.jp>
 Representative: President and Representative Director Akio Nishida
 Inquiries: Vice President Administration HQ Kiyoto Futatsukawa TEL 03-3481-7203
 Scheduled date of ordinary general meeting of shareholders: June 28, 2017
 Scheduled date to file Securities Report: June 28, 2017
 Scheduled date to commence dividend payments: June 12, 2017
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	60,903	2.0	3,910	24.9	4,578	9.5	3,424	1.6
Year ended March 31, 2016	59,713	4.0	3,129	29.6	4,180	2.2	3,369	(2.9)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	298.08	–	11.1	7.8	6.4
Year ended March 31, 2016	293.49	–	11.4	7.6	5.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	60,572	31,918	52.6	2,780.47
As of March 31, 2016	57,315	29,614	51.6	2,575.20

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	4,241	(2,773)	(104)	7,414
Year ended March 31, 2016	4,315	(2,987)	376	6,001

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	–	0.00	–	55.00	55.00	653	18.7	2.2
Year ended March 31, 2017	–	0.00	–	65.00	65.00	773	21.8	2.4
Year ending March 31, 2018 (Forecast)	–	0.00	–	65.00	65.00		21.3	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2017	28,000	5.8	700	2.4	900	3.5	600	1.4	52.22
Full year	65,000	6.7	4,000	2.3	4,600	0.5	3,500	2.2	304.64

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2017	11,912,043 shares	As of March 31, 2016	11,912,043 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	446,192 shares	As of March 31, 2016	425,398 shares
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Average number of shares during the period

Year ended March 31, 2017	11,488,836 shares	Year ended March 31, 2016	11,481,815 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	7,388	8,735
Notes and accounts receivable - trade	10,174	9,330
Electronically recorded monetary claims - operating	1,006	1,322
Merchandise and finished goods	9,348	10,318
Work in process	142	115
Raw materials and supplies	619	651
Deferred tax assets	918	782
Other	1,508	747
Allowance for doubtful accounts	(4)	(5)
Total current assets	31,101	31,998
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,483	1,422
Machinery, equipment and vehicles, net	65	69
Land	671	671
Leased assets, net	1,147	1,031
Other, net	206	292
Total property, plant and equipment	3,573	3,487
Intangible assets		
Software	29	766
Trademark right	19	2,931
Goodwill	28	-
Software in progress	712	96
Other	244	169
Total intangible assets	1,034	3,964
Investments and other assets		
Investment securities	17,776	17,824
Long-term loans receivable	54	49
Net defined benefit asset	48	200
Guarantee deposits	2,548	1,844
Claims provable in bankruptcy, claims provable in rehabilitation and other	178	177
Other	1,306	1,325
Allowance for doubtful accounts	(306)	(299)
Total investments and other assets	21,606	21,122
Total non-current assets	26,214	28,573
Total assets	57,315	60,572

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,251	5,077
Electronically recorded obligations - operating	7,140	7,711
Short-term loans payable	668	528
Current portion of bonds	300	–
Current portion of long-term loans payable	1,475	1,694
Lease obligations	503	451
Accounts payable - other	1,882	1,581
Income taxes payable	394	457
Accrued consumption taxes	409	447
Accrued expenses	816	1,130
Provision for bonuses	738	872
Provision for sales returns	654	557
Other	199	200
Total current liabilities	21,435	20,710
Non-current liabilities		
Long-term loans payable	3,219	4,887
Lease obligations	923	941
Deferred tax liabilities	606	651
Net defined benefit liability	461	288
Asset retirement obligations	68	52
Provision for stocks payment	139	273
Other	846	848
Total non-current liabilities	6,265	7,943
Total liabilities	27,700	28,654
Net assets		
Shareholders' equity		
Capital stock	7,079	7,079
Capital surplus	4,023	4,066
Retained earnings	20,713	23,453
Treasury shares	(1,333)	(1,514)
Total shareholders' equity	30,482	33,085
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	200	543
Deferred gains or losses on hedges	(16)	(0)
Foreign currency translation adjustment	1,239	331
Remeasurements of defined benefit plans	(2,325)	(2,079)
Total accumulated other comprehensive income	(901)	(1,205)
Non-controlling interests	34	37
Total net assets	29,614	31,918
Total liabilities and net assets	57,315	60,572

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	59,713	60,903
Cost of sales	33,305	32,612
Gross profit	26,408	28,290
Reversal of provision for sales returns	–	97
Provision for sales returns	20	–
Gross profit - net	26,388	28,387
Selling, general and administrative expenses	23,258	24,477
Operating profit	3,129	3,910
Non-operating income		
Interest income	39	25
Dividend income	54	55
Royalty income	2	3
Share of profit of entities accounted for using equity method	1,080	686
Other	94	85
Total non-operating income	1,270	856
Non-operating expenses		
Interest expenses	123	105
Loss on sales of notes receivable - trade	28	20
Other	69	62
Total non-operating expenses	220	188
Ordinary profit	4,180	4,578
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	0	–
Gain on transfer of business	108	–
Gain on reversal of foreign currency translation adjustment	57	–
Total extraordinary income	167	1
Extraordinary losses		
Loss on disposal of non-current assets	7	2
Impairment loss	87	216
Loss on closing of stores	85	13
Loss on valuation of investment securities	135	–
Special retirement expenses	201	22
Other	1	4
Total extraordinary losses	519	258
Profit before income taxes	3,828	4,321
Income taxes - current	683	774
Income taxes - deferred	(250)	103
Total income taxes	432	877
Profit	3,395	3,443
Profit attributable to non-controlling interests	26	19
Profit attributable to owners of parent	3,369	3,424

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	3,395	3,443
Other comprehensive income		
Valuation difference on available-for-sale securities	(523)	342
Deferred gains or losses on hedges	(13)	15
Foreign currency translation adjustment	(128)	(138)
Remeasurements of defined benefit plans, net of tax	(866)	244
Share of other comprehensive income of entities accounted for using equity method	(733)	(794)
Total other comprehensive income	(2,265)	(329)
Comprehensive income	1,130	3,114
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,104	3,095
Comprehensive income attributable to non-controlling interests	26	19

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,079	3,996	17,937	(1,352)	27,661
Changes of items during period					
Purchase of treasury shares				(10)	(10)
Disposal of treasury shares		21		28	50
Dividends of surplus			(593)		(593)
Profit attributable to owners of parent			3,369		3,369
Purchase of shares of consolidated subsidiaries		5			5
Net changes of items other than shareholders' equity					
Total changes of items during period	-	26	2,775	18	2,821
Balance at end of current period	7,079	4,023	20,713	(1,333)	30,482

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	724	(3)	2,098	(1,455)	1,363	80	29,105
Changes of items during period							
Purchase of treasury shares							(10)
Disposal of treasury shares							50
Dividends of surplus							(593)
Profit attributable to owners of parent							3,369
Purchase of shares of consolidated subsidiaries							5
Net changes of items other than shareholders' equity	(523)	(13)	(859)	(869)	(2,265)	(46)	(2,312)
Total changes of items during period	(523)	(13)	(859)	(869)	(2,265)	(46)	509
Balance at end of current period	200	(16)	1,239	(2,325)	(901)	34	29,614

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,079	4,023	20,713	(1,333)	30,482
Changes of items during period					
Purchase of treasury shares				(227)	(227)
Disposal of treasury shares		43		46	90
Dividends of surplus			(653)		(653)
Profit attributable to owners of parent			3,424		3,424
Change of scope of consolidation			(30)		(30)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	43	2,740	(180)	2,603
Balance at end of current period	7,079	4,066	23,453	(1,514)	33,085

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	200	(16)	1,239	(2,325)	(901)	34	29,614
Changes of items during period							
Purchase of treasury shares							(227)
Disposal of treasury shares							90
Dividends of surplus							(653)
Profit attributable to owners of parent							3,424
Change of scope of consolidation							(30)
Net changes of items other than shareholders' equity	342	15	(907)	245	(303)	3	(299)
Total changes of items during period	342	15	(907)	245	(303)	3	2,303
Balance at end of current period	543	(0)	331	(2,079)	(1,205)	37	31,918

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	3,828	4,321
Depreciation	1,152	1,241
Share of (profit) loss of entities accounted for using equity method	(1,080)	(686)
Amortization of goodwill	48	28
Decrease(increase)in net defined benefit asset	566	(151)
Increase (decrease) in net defined benefit liability	159	(173)
Impairment loss	87	216
Increase (decrease) in allowance for doubtful accounts	(3)	(6)
Interest and dividend income	(93)	(80)
Interest expenses	123	105
Loss (gain) on disposal of non-current assets	7	2
Loss (gain) on transfer of business	(108)	–
Decrease (increase) in notes and accounts receivable - trade	321	536
Decrease (increase) in inventories	(515)	(1,166)
Increase (decrease) in notes and accounts payable - trade	992	(607)
Increase (decrease) in accrued consumption taxes	(428)	37
Other, net	(406)	1,255
Subtotal	4,651	4,872
Interest and dividend income received	401	273
Interest expenses paid	(124)	(105)
Income taxes paid	(612)	(799)
Net cash provided by (used in) operating activities	4,315	4,241
Cash flows from investing activities		
Payments into time deposits	(530)	(531)
Proceeds from withdrawal of time deposits	688	594
Purchase of non-current assets	(746)	(3,592)
Proceeds from sales of non-current assets	0	4
Purchase of investment securities	(3,049)	(83)
Proceeds from sales of investment securities	3	18
Payments for guarantee deposits	(194)	(174)
Proceeds from collection of guarantee deposits	94	833
Proceeds from transfer of business	915	314
Other, net	(168)	(158)
Net cash provided by (used in) investing activities	(2,987)	(2,773)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(75)	(140)
Proceeds from long-term loans payable	3,200	3,370
Repayments of long-term loans payable	(1,490)	(1,483)
Redemption of bonds	–	(300)
Repayments of lease obligations	(637)	(744)
Purchase of treasury shares	(10)	(227)
Cash dividends paid	(593)	(653)
Other, net	(16)	74
Net cash provided by (used in) financing activities	376	(104)
Effect of exchange rate change on cash and cash equivalents	(12)	(16)
Net increase (decrease) in cash and cash equivalents	1,692	1,347
Cash and cash equivalents at beginning of period	4,308	6,001
Increase in cash and cash equivalents from newly consolidated subsidiary	–	65
Cash and cash equivalents at end of period	6,001	7,414